

Summary of HB 377, as Amended  
Teachers' Retirement System  
Funding the Shortfall

**Creates Two-tiered TRS System**

	Tier One (current members)	Tier Two - (new members)
Employee (EE) normal contribution	7.15% - no change	8.15% - <b>new</b>
EE supplemental contribution - decreased if 90% funded and amortization is less than 15 yrs - increased if 80% or less funded and amortization is more than 20 years	1% - <b>new</b> - once decreased, may be adjusted by board - not to exceed 1%	On or after Jan. 1, 2023: <b>new</b> - board may impose - board may adjust - may not exceed 0.5% - must be matched by ER or state
Employer (ER) contribution (all sources)	9.96% - no change	9.96% - no change
ER supplemental contribution	1% - <b>new</b>	1% - <b>new</b>
Benefit multiplier	1.67% - no change	2% with 30 yrs or more of service and at least age 60 — <b>new</b>
Average final compensation	3 highest consecutive years - no change	5 highest consecutive years - <b>new</b>
Normal retirement eligibility	5 yrs and age 60 or 25 yrs service regardless of age - no change	5 yrs and age 60 or 30 yrs of service and at least age 55 - <b>new</b>
Early retirement eligibility	5 yrs and age 50 - no change	5 yr and age 55 - <b>new</b>
Death benefit	Beneficiary may receive normal retirement benefit - no change	Beneficiary may receive normal retirement or early retirement benefit only if member dies within one year of active membership - <b>new</b> (lower benefit, cost saving)
Disability retirement eligibility - benefit is greater of: - 1.67% x AFC x yrs of service - minimum 1/4th AFC	Eligible if determined disabled - no change	Eligible if determined disabled and only if not eligible for service retirement - <b>new</b> (lower benefit, cost-saving)

**Provides Additional Funding**

1. School district retirement fund reserves cap decreased from 35% to 20% with excess paid to TRS - Sections 15 and 18 of the bill, estimated \$14.7 million one-time-only
2. \$25 million each fiscal year from public school fund guarantee account - amounts to be transferred monthly prior to distribution to the school districts through school equalization aid - amounts are statutorily appropriated - Section 19 of the bill
3. Increase the MUS employer supplemental contribution rate from 4.72% to 9.04% over the next 5 years.

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